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***SUMMARY OF EVENTS IN
URUGUAY
DURING THE YEAR 1941***



***RALPH SKRINE STEVENSON
January 1, 1942***

Mr. Stevenson to Mr. Eden - (Received March 16.)

(No. 1. Confidential)

Sir,

Montevideo, January 1, 1942.

IN accordance with the instructions contained in circular despatch No. 72 of the 4th November, 1939, I have the honour to transmit herewith a brief summary of events in Uruguay during 1941.

In this summary I have incorporated the contents of the report on political conditions on this republic from January to August 1941, contained in any predecessor's despatch No. 142 of the 30th August.

I have, &c.

RALPH SKRINE STEVENSON.

Enclosure in No. 88.

Summary of Events in Uruguay during the Year 1941.

Internal Affairs.

IN the year that has just passed the President of the Republic, General Alfredo Baldomir, and his Government entered upon the final phase of the four year's mandate accorded him in 1937, which will expire next June. In so far as internal affairs are concerned, the year has seen two developments which will inevitably have a considerable effect upon the future of the republic.

2. One has been the President's announcement of important and fundamental reforms of the Constitution of 1934, which gave permanent form to a *modus vivendi* between President Terra, General Baldomir's predecessor, and Dr. Herrera, head of the ultra-Right party, at that time the second largest in the State, by which his party acquired equal representation in the Senate and three portfolios in the Cabinet. This *modus vivendi* is no longer a valid political arrangement, since the Herrerista party has lost its former position owing to the popular suspicion that certain of its leaders in sympathy with the totalitarian Powers. Moreover, the disadvantages of allowing an isolationist party to combine the dual role of Executive and Opposition became unmistakably clear from the Herrerista attitude towards the question of the establishment of bases, as revealed in the debates in the Chamber of Deputies at the end of 1940. These considerations, combined with General Baldomir's violent political feud with Dr. Herrera, moved the President to invite a committee of jurists to prepare a draft for the amendment of the 1934 Constitution.

3. Proposals on the basis of proportional representation in the Cabinet and in the Senate for all parties, and full power for the head of the State to choose his Ministers at will, were duly submitted to General Baldomir, as it had become clear that the other political parties would not agree to the proposed reforms without prior consultation.

4. In the meanwhile the internal political situation was aggravated for the President by the defeat of his candidate for the presidency of the Chamber of Deputies, as a result of an unexpected coalition of Herrerista members and Colorado dissenters. Stung by this untoward surprise and increased by the opposition in the Cabinet from the Herrerista Ministers to the purchase of arms from the United States of America, the President took the unconstitutional step of demanding their resignation, on the ground that there was no longer even the outward semblance of co-operation between their party and his Government. He then went further in his defiance and gave the vacant Ministries to three of his own supporters.

5. These events urged once again on the President's mind the necessity of reform. On this occasion, in order to ensure that the principle of the reform he desired to introduce would not meet with opposition from the other parties in the State, he consulted them separately, and secured the agreement of all save the Herreristas. A Consultative Council, composed of jurists and members of the parties, was then invited by the President to re-examine the draft submitted in January. In November the Consultative Council announced their approval of it with a few minor alterations, and the President of the Republic, in his speech to the nation at the beginning of December, stated that, in his opinion, the new reform would provide a pliable and democratic instrument of government.

6. The other development of importance in the internal affairs and, indeed, also in the external position of this republic, has been the passing of the Bill permitting the Government to take advantage of the Lease and Lend Act by negotiating with the United States an Armaments Loan of 17 million dollars to provide for the country's most pressing needs in artillery and aircraft. It is noteworthy that in the Senate it gained the support of part of the Herrerista party.

7. The defenceless state of the country had been glaringly revealed during the internal crisis occasioned by the disclosure of Nazi designs in June 1940, and both the President of the Republic and his Minister for Foreign Affairs have continually in their public utterances emphasised the resolution of the Government to take energetic steps to remedy this state of affairs. Military and air purchasing missions are at present in the United States, but the defences of

the country are, of course, still in a precarious state, and the threat of Nazi coup -though unlikely at present unless there is first a similar coup in the Argentine is continually present in the minds of Uruguayans.

8. For the rest, throughout the year the prospect of the presidential elections overshadowed political activity to an increasing extent as the opening of the campaigns approached. Three of the political parties-including the most important dissident part of the Colorado party under Dr. Blanco Acevedo announced their candidates fairly early in the year, but the President preserved an enigmatic silence regarding his intentions. Shortly before the end of the year his decision not to seek re-election was announced in the press, and at the same time Dr. Manini Rios, then Minister of the Interior, put forward his candidature. He seemed to have the support of most of the Baldomirista section and to have the goodwill of the President himself, though the latter refrained from making any statement on the subject. The Batllistas had not announced their candidates before the end of the year.

15. By that time the preparations for the Third Conference of Pan-American Foreign Ministers at Rio de Janeiro were proceeding, and it was becoming clear that the Uruguayan Government had practically made up their minds to put forward at that conference a definite proposal that the nonbelligerent rights already accorded to the United States should be extended to their allies. They felt, however, that this was a somewhat bellicose proposal for a country as defenceless as Uruguay to sponsor, and they were, therefore, most anxious for some promise of material support from the United States and Great Britain to enable them to press it with confidence. I could not, of course, hold out any hope of such a promise, but I did my best in discussions with the President and the Minister for Foreign Affairs to emphasise British appreciation of the generous and courageous attitude of the Uruguayan Government.

16. Relations with Great Britain have been of the best possible nature, and not only members of the Government but Uruguayans in general have never failed to take advantage of every occasion to express their enthusiastic admiration for Great Britain. The departure of Mr. Millington Drake was the signal for demonstrations such as have never, perhaps, been seen before in Montevideo and my arrival provided an occasion for a spontaneous tribute to Great Britain on the part of large and vociferous crowds. In spite of the more important part which United States now inevitably play in Uruguayan affairs, and the efforts which their Government have made to foster good relations, there is no doubt that Great Britain, of all foreign Powers, still occupies the predominant position in Uruguayan affection and respect.

17. In the course of the year there occurred two incidents which were satisfactorily and swiftly settled, though in less fortunate circumstances they might have had an unfavourable effect on Anglo-Uruguayan relations.

18. The first was caused by the infringement of Uruguayan territorial waters on the 13th January by His Majesty's Armed Merchant Cruiser Asturias during an attempt to intercept the French merchant ship Mendoza, which had sailed from Buenos Aires without a navicert. The question was complicated by the fact that next day, on the 14th, a hydroplane from H.M.S. Newcastle made a forced landing on the Uruguayan coast. The aircraft and crew were released on the ground that no relevant internal legislation had yet been drafted, and, although Dr. Guani felt obliged to report the violation of territorial waters to Panamá, he expressed the wish that his communication should not be circularised to the other South American Governments, and omitted any reference to prejudice to Uruguay. He, instead, advanced again the proposal put forward at the Havana Conference that territorial waters should be extended to 25 miles, and although this was not accepted, the Inter-American Neutrality Committee at Rio de Janeiro later issued a recommendation extending territorial waters to 12 miles. As this recommendation was to some extent the result of Dr. Guani's initiative, I took the opportunity to warn him that it was extremely improbable that His Majesty's Government would recognise any alteration in the extent of territorial water during the war.

19. The second incident occurred when, early in November, after the announcement of concessions to the Argentine in respect of machinery bought in Germany, a Herrerista Senator, in the course of a debate in the Senate, attacked Great Britain for having held up machinery for the Rio Negro Hydro-Electric Scheme, and, although he was immediately answered by the President of the Senate himself, the President of the Republic raised the question with me shortly afterwards and enquired whether, in view of the concessions made to the Argentine, it would not be possible to make a similar concession to Uruguay.

20. I was subsequently instructed to explain to the President in detail the reasons why His Majesty's Government were unable to accede to this request. The President accepted the explanation, but with some reluctance, and added that he personally thought the whole scheme would require to be put in cold storage, as the contract with the German consortium contained stipulations expressly designed to prevent cancellation in the event of anything impeding the delivery of material. This view, however, was not maintained by the Uruguayan Government, as, shortly after the end of the year, they decided to accept an offer put forward by the United States to supply one turbine within a reasonable time and to complete the contract after the war, provided that all connexion with the

German consortium were severed and all German technicians dismissed. This was a highly satisfactory development, as it removed the danger of the establishment in Uruguay of a German colony which would have come to be in virtual control of the country's electric power supply.

21. On the whole the Uruguayan attitude to His Majesty's Government's decision not to allow the delivery of the German machinery for this Rio Negro has been one of resigned comprehension. They have protested and sought to show the injustice of the decision, but opinion in the country was not unanimously in favour of the project and the Government have given the impression rather of "going through the motions" than of expressing really deep concern.

22. In the last few months of the year evidence was received that certain Uruguayan authorities, notably the State Electricity Works, the Ministry of Defence and the Ministry of Public Health, were ordering material of German origin. At the same time the State Electricity Works were anxious to obtain certain electric generators and telephone material of German origin, held up at Rio de Janeiro and Valparaiso respectively.

23. As it had not been possible to accede to the Uruguayan request for the shipment of machinery for the Rio Negro project, and as the general attitude of Uruguay was so outspokenly and courageously favourable to our case, the Ministry of Economic Warfare decided that the material at Rio de Janeiro and Valparaiso could be released, together with a further small amount detained at Santos, provided that no payment reached Germany and that all other outstanding orders for German material were cancelled. These terms were readily accepted by the Uruguayan Government, who also showed themselves willing to receive help from the United States in converting the telephone system, which is largely under German technical control, into a State concern, and to start removing the existing German influence there and in the State Electricity Works.

24. The visit of the first Canadian Trade Mission to this country took place in September. Not only was it successful in its avowed purpose of fostering commercial relations, since it achieved an agreement by which the dollar quota available might be used without distinction for imports either from Canada or the United States, but it also gave the Uruguayan Government some idea of the Canadian war effort, and an opportunity to express their admiration for the British Commonwealth of Nations.

25. Relations with the United States have become more cordial as the result of the growth of Pan-American sentiment and the decision of the Uruguayan Government to follow the example of Brazil in drawing closer to the United States, rather than that of Argentina in remaining aloof. The United States Government have sedulously cultivated their relations with this country and not only have raised the status of their representative here to the rank of ambassador, but have sent a flow of commercial and cultural missions and representatives in an increasingly successful attempt to make the Uruguayan people conscious of the importance of the United States in Latin America.

26. Relations with other South American States have, on the whole, been harmonious and friendly, although a considerable feeling of contempt for the Argentine has grown recently, and has been expressed not only in Government and popular circles, but also in the press-chiefly over the Argentine Government's attitude of frantic neutrality and the much-criticised state of siege instituted after the outbreak of war with Japan.

27. A Uruguayan-Argentine commercial treaty stipulated in the clauses of the agreement at Colonia between the two States in December 1940 was still unsigned at the end of the year, although the Mixed Commission appointed to draft it had completed their work before the end of August.

28. Inter-American consciousness among the neighbouring South American republics found expression during the period under review in two inter-American economics conferences held in Montevideo.

29. At the Regional Conference of the River Plate in January delegates from the Argentine, Brazil, Uruguay, Paraguay and Bolivia examined devices for diminishing the economic isolation of the two latter inland countries, by stimulating regional interchange, by the introduction of regional preference tending towards customs union, the signing of bilateral agreements with the recommendations of the conference, the Government of Uruguay immediately afterwards entered into negotiations with those countries and signed agreements which have since been ratified.

30. At the Conference of the Associations of Commerce and Production which met at the end of May, the findings of the Regional Conference were embodied in recommendations which aimed at more effective co-operation and increased autarky. Inter-American preference with the aim of customs union was again the key-note and the conference had one important immediate result in the establishment of a permanent council with headquarters in Montevideo to examine the application of its recommendations.

31. In January 1941. M. Alberto Ledoux, formerly First Secretary of the French Legation at Montevideo, was appointed by General de Gaulle as his personal representative in South America. M. Ledoux has lost no opportunity of advertising the Free French movement and is has made considerable progress in Uruguay, where culture is almost purely French in origin and inspiration.

32. Uruguayan relations with other European Governments are now, to all intents and purposes, negligible. She has, however, continued to recognise the representatives of the occupied countries in the River Plate and has appointed an agent to the Belgian Government in London. Although she has not had diplomatic relations with the Soviet Union since 1936, great admiration has been expressed for the resistance shown by the Russian army and people and the no inconsiderable Communist element in Uruguay have not been slow to take advantage of this change of attitude.